

POST-CABINET PRESS CONFERENCE: MONDAY, 24 SEPTEMBER 2018

Acting PM: This is slightly early. Do you want me to wait another couple of minutes? Well, we're all ready, aren't we? I'm happy to wait a couple of minutes. What do you think? Hands up, who wants to go? OK, let's go.

Good afternoon, as you'd be aware the Prime Minister is off in New York attending the UN leaders week, and, for that reason, I chaired Cabinet today. Public announcements from today's Cabinet discussions will be made in due course by relevant Ministers very soon. In the week ahead, there'll be question time on Tuesday, Wednesday, and Thursday to attend. In the House, we're expecting the Electoral (Integrity) Amendment Bill to pass through all of its future readings; pass the remuneration authority amendment bill, which creates a pay freeze for MPs for the next year. On Friday, I'll be at the New Zealand Harness Racing Annual Conference, and, on the weekend, at the New Zealand First 25th celebrations of the formation of a political party. Any questions?

Media: Will the Government be compensating meth crooks?

Acting PM: It's not a matter of compensating meth crooks, which is a kind of cheap-skate allegation for political irresponsibility in the former administration's handling of this matter. You're not compensating some family who were malignly treated who were innocent in case after case after case. If there is proof of criminality, of course they won't get compensation, and I'm ashamed that someone who's got a legal background, or supposedly got one, is making that allegation.

Media: Are you saying Simon Bridges isn't fit for leadership for making such comments like that about former State home tenants?

Acting PM: What do you think?

Media: Do you agree with him?

Acting PM: No. What do you think? All I know is that someone who can't get one out of four of his party supporters to believe he should be the leader is in serious trouble.

Media: The US document calling for other countries to sign against the war on drugs—why is New Zealand not interested in signing that?

Acting PM: Well, I think the Prime Minister has already made New Zealand's view very clear. But, by way of reminiscence, I can recall another President of the United States launching a war on drugs, and the result at the end of it was a dramatic rise in drug costs, drug criminality—and that man was President Reagan.

Media: Is it significant though that we're not prepared to bow to the US when they're asking for this?

Acting PM: Well, you've always known that this country has an independent foreign policy, and we have always been open—whether it's economic or social policy—in the end, what's best not just for New Zealand but our international values on which we, as a country, survive. And a small country, in particular, needs that. But, you know, a populist war on drugs has got to have the fundamentals and principles right for it to possibly work.

Media: Given our independence, when will you be sending to the Government of Iran a message of condolence and condemnation of the terrorist attack on the weekend?

Acting PM: Look, no, I haven't been apprised—I know it happened, and I know what the Iranians was saying as to who the culprits are. As to the facts, we don't know that at this point in time. Maybe we will when we know more, maybe we won't. I don't want to say what the answer—

Media: So what's the criteria, because I would have thought—

Acting PM: Well, the first criteria is knowing what the facts are.

Media: In previous occasions, we have been very forthright and immediate in our condemnation. Can we expect a decision by the end of the week, or—

Acting PM: Well, you can say that, but it's been my observation that in the deepest parts of Africa and other parts of the world where people have been dying in their tens of thousands, this country hasn't been the first out of the blocks with enunciations of deep consolation. That's not been the fact at all. Now, but, I can give you a lot of examples of that, but if you're talking about this, I'll make inquiries at foreign affairs as to what's being done.

Media: Just for the record, we don't share the American response voiced by their Ambassador to the United Nations that Iran should look in the mirror then and this was a self-inflicted attack?

Acting PM: Well, there is an opinion yet to be verified that it comes from within Iran itself. Now, we know that, logistically, that it happened. As to its genesis, we don't know the answer for that.

Media: What's the situation with the Pacific Alliance talks this week? Have all of the anticipated parties turned up, and are you—what are your expectations in terms of talks achieving this week?

Acting PM: Well, I'm not part of them, personally. We're helping elsewhere, in that context, and not in Parliament, and so I can't answer your question.

Media: Have you been given an update on the strawberry situation?

Acting PM: Yeah, look, as best as we can, with our Australian friends as well. Ah, this is a very difficult issue because the more we hype it up, the more mimicry or copycat behaviour might be triggered off. So it's a very difficult issue to handle, and I talked to Damien O'Connor late last night on it. We're doing the best we can with all the resources we've got. There's going to be, in terms of exporting into this country, screening of every strawberry punnet, but this is all I can answer at this point in time. We haven't got the answer as to the source of it?

Media: Do you think Countdown should have done more when it was importing strawberries from Australia, to check some of those checks and balances to see if there weren't needles in there?

Acting PM: Sorry?

Media: Do you think Countdown, the supermarket, should have been doing more when it came to checking the strawberries?

Acting PM: Well, we'll find that out. I mean, one supermarket stopped; the other supermarket didn't.

Media: Sorry, who will be conducting the screenings coming into the country?

Acting PM: Well, the New Zealand authorities will be conducting the screenings. Countdown themselves will be as well. There'll be no more strawberries coming into this country without them all screened into the future.

Media: What does the screening look like?

Acting PM: Well, it looks like something capable of detecting metal in it.

Media: So they'll be going through a metal detector, or something like that?

Acting PM: Well, I can't tell you what the science and technology is, but I know that's what we're working on.

Media: Do our container ports have the kind of technology to do that already?

Acting PM: Well, I don't know whether I could answer that question either, other than to say if it's strawberries, it'll be going through that sort of rigorous investigation before it lands them on our shelves in our supermarkets.

Media: Victoria University Council have voted to change their name despite what many see as a kind of public outcry about the decision. But they only make a recommendation to the education Minister. Do you have occasion to speak to the council's independence of this, or is there some other way he could maybe make a different decision?

Acting PM: Am I interested in an academic point of view about the name? Yes, I am. Am I going to compromise my friend and Minister of Education, Chris Hipkins? No, I'm not, particularly when he's off for 1 month on "Dad leave", so to speak?

Media: Do you have a personal view on it?

Acting PM: Yes, I do—

Media: Can you share it?

Acting PM: —but I'm not going to compromise that view or compromise my colleague by stating what it is. Otherwise, you'll be saying Winston Peters is going rogue, and you're not going to get that chance again. All right?

Media: Do you think it would set a dangerous precedent if the education Minister does reject it, given the council's voted 9-2 in favour?

Acting PM: Well, look, that's a fascinating thing for a university for itself to have in terms of a democratic discussion. We've all got a view. We all know where we think the majority of alma mater would be on this issue, but I'm not going to give you a conclusion, because that lies, as I said, with Mr Hipkins.

Media: Should we be expecting the progress on the Crown Minerals Act amendments this week, and will the bill which will be required for that be taken to Parliament this week?

Acting PM: Ah, well I've looked at the programme. We're not too certain about how complicated the programme is this week, or how long some of the legislation we'll see in terms of parliamentary arguments and whether urgency's going to be required as well. Is it a possibility? I think it is, yes.

Media: Who invited you to the celebration of Deputy Commissioner Wally Haumaha last year?

Acting PM: Who asked that question?

Media: I did—me.

Acting PM: You.

Media: Yes.

Acting PM: You asked that question. Ah, I was passing through Rotorua at the time, and I can't recall, excepting in the Māori world that would be as common as anything to be told, "Look, there's a big thing down in the so-called marae. You're campaigning—that's the best place to be."

Media: You'd previously said it was the previous Government who was—

Acting PM: Well, I just assumed that I'd been invited by somebody, because when I got there, members of the police and senior policemen were saying hello to me. I can remember Tamati Coffey sitting straight in front of me over there. I was put right at the front of the seat where speakers were, probably by accident, and it arose from there. And if you've got any videos of that, some of you will be able to see that.

Media: But you can't remember a specific person that invited you to that event?

Acting PM: No, I can't, because I've been to thousands of them in a 50-year career as a politician, as a lawyer, and as a student, and as someone in the Māori world.

Media: What's your relationship with Mr Haurihura like?

Acting PM: With who?

Media: Um, with Wally Haumihara—Haumihara, sorry.

Acting PM: Well, hang on, how about a bit of cultural sensitivity here? He has got a name.

Media: What's your relationship with Mr Haumaha?

Acting PM: Well, my relationship is that I have known him for some time, but he seriously came to my respected attention when he was asked to sort out the Tūhoe raids fallout, which you'd remember there was a significant legal challenge by barristers in Auckland on the side of the Māori against what had happened, and he was put in it—I understand, by the Police. When I saw that, I thought, this guy must have some special qualities because you wouldn't put them into the middle of Tūhoe unless you had some chance of persuading the Tūhoe as to the integrity of his investigation.

Media: There's a bit of a cloud hanging over harness racing at the moment. Is your presence at the conference on Friday really necessary?

Acting PM: Well, this was agreed before the cases broke, and I'm not going to go back on my word. This conference was always coming up. It's only about, say, 10 days ago, was it, or less than that, that the cases became public, and I'm not going there for the cases. I'm going there to tell them that their suspicion that they haven't been considered as carefully as they could have been in the Messara review is utterly wrong. That's why we put two people alongside Mr Messara, to ensure we did a comprehensive look at the trots, and at the dogs, as well.

Media: What's your gut feeling on what the likely overall reaction to the Messara Report's going to be, particularly to the closure of the country courses, and possible sale or disposal of the TAB?

Acting PM: Well, first of all, five decades ago, Thaddeus McCarthy was doing a review saying a lot of this at that time. And all we've had is political sort of parochialism in an industry that is now dead on its feet. It faces \$200 million-plus of future debt. You've got club after club which is in serious trouble. The \$120 million of reserves I left them when I was last Minister are all gone, and now they're borrowing to pay prize money.

The scene is one of disaster for what could be a great industry, a third bigger than it currently is, competing with, for example, the equivalent in Ireland—a somewhat similar population—is \$3.2 billion. We've been on something under \$1.6 billion for now the last 10 years. So it's static, and it needs to be turned around. And what do I think the reception's going to be? Well, I expect significant parochialism, but it's up to them. As I said: "It's over to you. If you want to survive, you'll grab the best parts of this plan. If you don't, if you want to play parochialism, I can tell you what the end product will be: you'll be a boutique industry and the best of your industry and talent will have fled offshore, which they're doing as we speak.

Media: How do you reconcile the possible closure of—what is it—28 or however many courses, all of them in small provincial towns with New Zealand First's—

Acting PM: I don't think Avondale's a small provincial town!

Media: No, but places like Dargaville are.

Acting PM: Yeah, but places like Dargaville—I'll give you an example of this. We've ensured—well, Messara has ensured; it was his report, after all—that there's a race course in every region; in fact, in Southland, two of them: Riverton and Invercargill. But, when you look at Dargaville—now, here's a classic case. Personally, I've put a lot of time into Dargaville, even bought the paint for the upgrade myself, personally. I got a whole gang of prisoners paid to do all the work, because the pony club's there. Got it all spruced up, go to the races, it's shut down after the first race because the [inaudible] in the track hadn't had a decent culvert put in. All apparent, all known, for about probably 20 darned years. Now, that's very frustrating. You go to all this darned trouble, and then they're down to one race a year. And now we've got the problem of trying to keep them alive when the whole climate has changed. So Dargaville can do something with its property, line up with Ruakaka, and have a far greater

time of survival. And I look forward to the day when we have a passenger train on from Dargaville—not one, but two—going off to the Ruakaka Races.

Media: What do you think of John Allen's performance running the industry?

Acting PM: Well, he's not head of the board, he's the CEO.

Media: What do you think of his performance?

Acting PM: I haven't given an opinion on his performance.

Media: What did you think of the Tax Working Group's suggestions of extending income tax to cover certain capital gains, particularly—

Acting PM: Well, I've seen your comments on it, and I could suggest, with respect, it's somewhat premature, since we've all got to wait till February next year to find out what the fleshed-out conclusions are. And other than others interpreting what I said against that report—how you'd do that I wouldn't know.

Media: You said before the election that a capital gains tax was off the table. Does that—

Acting PM: Was what?

Media: Was off the table. Do you think that the suggestions from Dr Sir Michael's report fit into that category of capital gains tax that we talked about pre-election?

Acting PM: We have not seen the finality of Dr Cullen's group's report. I mean, the finance Minister has been at pains to point out this is only the preliminary report. It's not the final. We'll all have the wait, he said, until February of 2019, and so will I.

Media: What's the goal for this weekend? Is it the first, you know, election campaign event for 2020, or is it different than that?

Acting PM: Well, you could say that, or it could be hip young people like you along so that you might appreciate what's being going for 25 years—almost as long as you're alive—which is not easy to do as a political party.

Media: I'm coming along.

Acting PM: After all, if you look at political parties in this country, since 1893, we're the second longest-surviving one without a name change in this country's history, after Labour. That's not easy to do.

Media: Who are the three guest speakers?

Acting PM: Oh, I'll send you the CV—I haven't got them on me at the moment.

Media: What did you make of the email from Christopher Luxon in the weekend to Air New Zealand customers trying to explain why they've had such a rubbish year?

Acting PM: Well—what, the customers have?

Media: No. Why Air New Zealand has, with late flights and engineering problems and airports being too crowded and—you name it, it was in there.

Acting PM: Well, if I can just say this: that you've had—they've had the second-best profit year this year, in history. The second thing: yes, there have been delays and what have you. I suppose he—to be nice to him—was strategically trying to let them know that they understood and that they'll try to get on top of the problems.

Media: Do you think that that's an interesting PR strategy—to email out to customers saying we've, sort of, failed to deliver, and these are the 50 reasons why?

Acting PM: Yeah, I do, because I think people do understand when you tell them the frank—when you give them the truth. But when you're told it's an engineering problem and you know that it's because of the tea break, then you get really brassed off. So the truth works for a

company like Air New Zealand, and the more and longer they do it the better. One more question, perhaps.

Media: Do you think Air New Zealand has pursued profitability at the expense of some of its service levels or its ability to service regional areas?

Acting PM: Well, I don't think they'd deny that, and I don't think that they are to blame, solely, for that. There's not a clear understanding in this country that for an airline to work it has to have, sometimes, non-profitable lines. In the United States they understand that implicitly by ensuring that a lot of provincial airports are federally funded—so clear they are on the need to have, in terms of good commerce, the availability of aircraft fit for travel. One more question.

Media: How important is it for you to have the party hopping bill passed before your conference?

Acting PM: Well, it's not important to have it passed before the conference. That's just a pure coincidence. It could have passed five, seven weeks ago, but because of circumstances it wasn't. But there is no connection with this at all.

Media: Can I just ask one question about tax. The interim working group—

Acting PM: This is the last question.

Media: The interim working group report said that the tax system is fundamentally unfair. This won't change between this report and February. It suggested that taxing income from capital gains will redress that unfairness. Do you agree that the current tax system is unfair, and would you agree that taxing income from capital gains would make it fairer?

Acting PM: Well, I think it's better to say that I, like so many people in this country, know that our taxation system is far from perfect. I'm prepared, though, to wait till February to find out whether there are improvements by way of suggestions into fixing it up. And anyone who writes what I think in the meantime doesn't know me. Thank you very much.

conclusion of press conference